

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

* * * * *

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF WESTERN KENTUCKY GAS COMPANY) CASE NO. 7157-Y

O R D E R

On December 6, 1978, the Commission issued its Final Order in Case No. 7157, approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On October 31, 1980, Western Kentucky Gas Company (the Applicant), filed with the Commission its Notice of an increase in rates from one of its suppliers, Tennessee Gas Pipeline Company (Tennessee Gas).

On April 30, 1980, Tennessee Gas filed a general increase in its jurisdictional rates and in connection therewith, filed certain revised tariff sheets to its FERC Gas Tariff, Ninth Revised Volume No. 1. These revised tariff sheets were proposed to be effective June 1, 1980. The Federal Energy Regulatory Commission (FERC) by an order issued on May 30, 1980, suspended the aforesaid tariff sheets and deferred the use thereof until November 1, 1980. By an order issued October 1, 1980, FERC directed Tennessee to revise its rate filing to reflect certain stipulations and agreements reached regarding domestic and Canadian advance payments and to exclude certain expenditures related to research and development. On October 31, 1980, Tennessee filed a revised tariff sheet reflecting these reductions.

As a result of the changes effective as aforesaid the cost of gas to the Applicant for the twelve (12) months ended August 31, 1980, would have increased \$218,177.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

(1) That the Energy Regulatory Commission is being asked to approve a price increase already approved by the Federal Energy Regulatory Commission when it granted the Applicant's supplier, Tennessee Gas, a wholesale gas cost increase. We are of the opinion

that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to the Company and would ultimately result in higher rates to their consumers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the Federal agency in approving these supplier increases since 1975. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

(2) That the Applicant's supplier, Tennessee Gas, has filed revised tariff sheets reflecting an increase in rates with the Federal Energy Regulatory Commission and said increase to become effective November 1, 1980.

(3) That the Application filed October 31, 1980, reflected Tennessee Gas rates as filed with the FERC on October 31, 1980, to be effective November 1, 1980.

(4) That the Applicant's filing of October 31, 1980, failed to provide the Commission with the twenty (20) day Statutory Notice and, therefore, the increase should become effective on and after November 20, 1980.

(5) That the magnitude of this filing exposes the Applicant to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(6) That the Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow the Applicant to place into effect subject to refund the rates set out in Appendix "A".

(7) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7157, dated December 6, 1978, is fair, just and reasonable and in the public and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective but not prior to November 20, 1980.

(8) That the Applicant's Base Supplier Rate for purchased gas will be as follows:

	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$2.16	\$2.1267
G-3	2.53	2.1780
G-4	2.97	2.2142

Tennessee Gas Pipeline Company		
G-2	\$1.99	2.2294
GS-2	-	2.3484
Local Producers	-	2.2612

(9) That Applicant's adjustment in rates under the Purchased Gas Adjustment Clause, as set out in Exhibit D, page 1 of its Notice herein, in the amount of 108.76¢ per Mcf, is fair, just and reasonable and in the public interest and should be allowed to become effective for service rendered on and after the date the increased cost of wholesale gas becomes effective but not prior to November 20, 1980.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant, as set forth in Exhibit D, page 1 of its Notice, be and the same is hereby approved to be effective for service rendered on and after the date the increased cost of wholesale gas becomes effective, subject to refund, for all customers as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Western Kentucky Gas Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the Base Rate for purchased gas shall be:

	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$2.16	\$2.1267
G-3	2.53	2.1780
G-4	2.97	2.2142
Tennessee Gas Pipeline Company		
G-2	\$1.99	\$2.2294
GS-2	-	2.3484
Local Producers	-	2.2612

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on October 31, 1980, constitutes full compliance with the Commission's Order in Case No. 7157, and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days from the date of this Order, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 26th day of November, 1980.

ENERGY REGULATORY COMMISSION


By the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7157-Y DATED NOVEMBER 26, 1980

The following rates as prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES:

Applicable to All Rate Schedules

Purchased Gas Adjustment

To each bill rendered under all rate schedules there shall be added an amount equal to; 108.76¢ per Mcf of gas used during the billing period.